

2016 MARTIN COUNTY TRENDING PROJECT

Activity Summary

General

Martin County is one of the smallest counties in the state both geographically and by population. The county is made up of 6 townships with a total parcel count of just under 10,000 parcels. Perry Township contains 35 percent of the total parcels in the county and accounts for 70 percent of the total parcels that have sold.

Commercial/ Industrial

In the Town of Loogootee a large enough sample of improved commercial sales was available to develop a trending factor for each of the 2007 through 2011 ratio studies. However, the number of sales of commercial and industrial property in the remainder of the county was extremely limited. In those districts a cost index derived from *Marshall and Swift* was loaded into the county's Proval software system and batch recalculations of commercial and industrial properties were carried out each year. This methodology was employed beginning in the March 1, 2007 trending project. The market data available was used to help determine obsolescence depreciation if needed.

As part of the 2012 reassessment these inflation cost multipliers were removed and annual depreciation adjustments were applied upon the installation of the new 2012 cost tables. During the 2012 reassessment, the county's appraisal vendor carried out field inspections of all improved commercial and industrial property within the county. During the field inspection each property was checked for size, occupancy, use type, condition, and for variances that may have occurred since the 2002 revaluation, or from the time of last inspection.

For the March 1, 2013 through 2015 assessment dates new cost tables and depreciation tables were applied to the commercial parcels. A review was done of those parcels that showed significant changes due to application of the new tables.

The changes for January 1, 2016 were similar to 2015. The new county multiplier was loaded into the cost tables and applied. All improvements were again depreciated based upon their effective age as of the January 1, 2016 assessment date. No additional factors were applied.

Commercial Land

Due to the limited amount of raw land sales for commercial and industrial property, the county contracted with a local Realtor/Broker in 2008 to carry out a review of various parcels in both Perry and Halbert townships to help establish land valuations in those areas. The appraisals carried out were used to supplement and revise the land values established by the county. The

primary revisions for 2007 through 2016 were the increases in the more desirable sites along the Highway 50-Highway 231 corridor through Loogootee. Beyond this 231 corridor the only other area with some development is near the Crane Naval Weapons Center. Crane has opened a tri-county industrial park to house military contractors near the base.

Residential

All sales disclosures for residential properties are initially verified and validated by the county assessor's office by phone contact with the parties involved in the sale. Beginning in 2010 a field inspection has been made of all valid sale parcels along with many non-valid sales by the county's appraisal vendor. These inspections often result in finding renovated, omitted or removed improvements. Discussions with the owners onsite yields new information about the financing or family relationships which do not always appear on the disclosures.

Sales throughout the county had been relatively flat since late 2007 but are now showing modest growth through 2015 and into early 2016. This has necessitated only minor changes in the annual trend factors which has resulted in little movement in the residential valuations. The residential market slowed in both volume and sales price level, and the number of distressed sales increased initially but has since decreased. However, there has not been a dramatic downturn in the market as seen in other parts of the state and country. The close proximity to the Crane Naval Weapons Center has helped stabilize the housing market and has encouraged some new construction of homes, primarily in the Perry Township area.

While sales have shown little movement overall there has been a small increase in the number of sales at the higher end of the residential market, homes priced \$175,000 and higher. These houses are concentrated in Perry Township.

Income Producing Properties

Martin County has a very limited number of multi-family housing apartments. The county has obtained income and expense data from the majority of those properties which is then used to arrive at income-based valuations based on capitalized net income. The county has also gathered rental data from residential rentals to develop GRM's to assist with valuing residential rental properties.

Other Data Sources

Unlike most counties there is very little data available through the MLS for properties in the county. Most of the data available consists of online listings, of which is primarily from Realtors located in adjacent counties. Beginning in 2007, and continuing through the present, MLS fact sheets are obtained and compared to the county's property cards for accuracy. Adjustments are made to the property cards following this review, if the current data on the cards is inaccurate.

Format Adjustment and Other Changes

As part of DLGF requirements the county has changed the pricing of single-wide mobile homes and those formerly priced as real property are now priced as personal property. The county has also changed the pricing of double-wide mobile homes and modular homes to “stick-built” dwelling pricing. Sales of properties containing personal property mobile homes are kept off the ratio study. Sales involving double wide or modular homes require closer review due to the volatile price swings seen with these types of homes.

Neighborhood Delineation

During the 2002 reassessment and equalization process neighborhoods were developed that incorporated all classes of property including agricultural, residential, commercial and industrial. While all part of the same neighborhood the multipliers and land values for each class were treated separately.

During the 2008 project the commercial, industrial and utility parcels were broken out into separate and new neighborhoods. While the boundaries remained unchanged and the impact on assessed value is minimal, the application of factors, recalculations, and tracking have become much simpler and more specific.

In 2012 the neighborhood number 9011 (Lazy Acres) was inactivated and those parcels combined into the larger Center Township #9010. Neighborhood boundaries are reviewed on an annual basis.

Ratio Study Combinations/ Groupings

Due to the very limited number of commercial and industrial properties located within Martin County, the sales of each class of industrial and commercial properties from all townships have been combined onto one ratio study for the entire county.

Beginning with the 2011 ratio study residential vacant sales from Center Township were combined with those from Rutherford Township to produce a more acceptable study sample. These townships are similar, adjacent and both lie west of the White River. Sales for residential vacant were also combined for Halbert, Lost river, and Mitcheltree Townships. These townships lie East of the White River, are adjacent, and make up large sections of the Martin State Forest.

Due to the declining amount of available residential vacant sales all townships outside of Perry have been grouped together for both 2015 and 2016 (Grouped ResVac) while Perry has been left by itself.

The sample size of residential improved properties is large enough in Perry Townships to carry out a separate study. However the remainder of the county’s residential improved have been

combined into one grouping (GroupedResImp).

Time Trending Sales and Expansion of Sales Pools

Due to the extremely small size and limited number of sales within the county all sales pools were expanded beyond the 12-month window allotted. The sales pool used for residential improved parcels was expanded to included sales from January 1, 2014 through December 31, 2015. In order to come up with an adequate number of residential vacant sales a sales window of January 1, 2013 through December 31, 2015 was used. Due to the resulting small number of sales remaining, homogenous townships were grouped to produce an adequate sample size.

For commercial and industrial properties the sales period was expanded to include sales from January 1, 2013 through December 31, 2015. There has not been a significantly measurable change in commercial or industrial sales, or raw land sales within the county to warrant a time adjustment.

The county used a variety of methodologies to arrive at a time trend factor to adjust home sales (residential improved) outside of the 2015 sales pool: (1) Opinions of change in the market were obtained from local Realtors and appraisers; (2) A review of year-over-year sales was done; (3) The real estate site 'Zillow' showed a 3.4% overall increase in Indiana home prices during 2015; (4) The U.S. Federal Housing Authority derived a 2.3% increase in median home prices for the same period; (5) The real estate site 'Trulia' ranks Martin County 88th of 92 counties in buyer desirability. Using a composite of these sources an annual factor of 2.4% was applied. A 0.2% adjustment per month was made to net sale prices to trend values to the valuation date of 1-1-2016.

Reassessment Activity

The 2012 general reassessment was a "complete" revaluation. All real property parcels were inspected on site during the reassessment with a majority of parcels being reviewed in a 'scratch' re-measure fashion. After the completion of the reassessment the county actively updated records for 2013 and 2014 through a comprehensive "cleanup" review and through the appeal process.

Phase I of the 2015-2018 Cyclical Reassessment was carried out utilizing on-site walk around reviews. Parcels reviewed in Phase I included the town of Crane (Perry Township), the Town of East Shoals (Halbert Township), the Town of West Shoals (Center Township), Mitcheltree Township, Halbert Township, and part of the commercial industrial properties in Loogootee (Perry Township).

Coinciding with the March 1, 2015 valuation date the county switched software providers from ProVal to XSoft. Several months have been devoted to 'clean-up' of the converted data.

Phase II of the 2015-2018 Cyclical Reassessment involved review of those parcels in Loogootee

(Perry Township)-Neighborhoods 9080 and 9087, and also Halbert Township, Neighborhood 9030.